



Health Services

LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

February 20, 2007

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First District

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Second District

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT (ALL DISTRICTS AFFECTED - 3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

| | | | |
|-----|----------------|----------------------------|----------|
| (1) | Account Number | RLANRC – Various Accounts | \$15,000 |
| (2) | Account Number | LAC+USC – 7510917 | \$17,000 |
| (3) | Account Number | H/UCLA – 7005382 | \$6,750 |
| (4) | Account Number | LAC+USC – Various Accounts | \$3,570 |

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The compromise offer of settlement for patient account (1) is recommended because the patient cannot pay the full amount of charges based on his current financial status, and this is the highest amount he is able to contribute to settle the account. The compromise offer of settlement for patient accounts (2) - (4) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the legal settlements involved in these cases.

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

IMPLEMENTATION OF STRATEGIC PLAN GOALS:

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

Robert G. Splawn, MD
Senior Medical Officer

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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FISCAL IMPACT/FINANCING:

This will expedite the County's recovery of revenue totaling approximately \$42,320.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when it is in the best interest of the County to do so. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority, requires Board approval.

Typically, recoveries in legal settlements are approximately divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and his or her lawyer.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

CONTRACTING PROCESS:

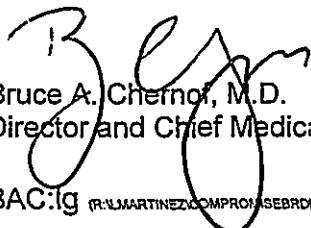
Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,


Bruce A. Chernof, M.D.
Director and Chief Medical Officer
BAC:lg (R:\LMARTINEZ\COMPROMISE\BRODLTR\49\LETTER)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: February 20, 2007

| | | | |
|----------------------------------|-----------|-------------------------|---|
| Total Charges | \$141,831 | Account Numbers | 3586427, 3603115, and 3608270 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$141,831 | Dates of Service | 6/9/06-6/20/06, 6/20/06 – 6/22/06, and 6/22/06-7/5/06 |
| Compromise Amount Offered | \$15,000 | % of Charges | 11% |
| Amount to be Written Off | \$126,831 | Facility | RLANRC |

JUSTIFICATION

This patient was treated at RLANRC and incurred total inpatient charges of \$141,831 for medical services rendered. Due to patient's illness, he is unable to handle his own affairs and his caretaker is unwilling to apply for Medi-Cal. Based on financial information provided, it appears the patient does not have the financial means to pay the full cost of care.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: February 20, 2007

| | | | |
|---------------------------|-----------|-----------------|------------------------|
| Total Charges | \$151,344 | Account Number | 7510917 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$151,344 | Date of Service | 2/16/2002-2/28/2002 |
| Compromise Amount Offered | \$17,000 | % Of Charges | 11% |
| Amount to be Written Off | \$134,344 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$151,344 for medical services rendered. The patient initially had Medicare HMO coverage. Ultimately, it was identified that this patient had a third party liability (TPL) and the account was referred to DHS' Outside Collection Agency as a TPL. The patient's TPL claim settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|------------------------|-------------|---------------------|-----------------------|
| Lawyer's Fees | \$13,200 | \$1,467.09 | 3.7% |
| Lawyer's Cost | \$9,532.91 | \$9,532.91 | 23.8% |
| LAC+USC Medical Center | \$151,344 | \$17,000 | 42.5% |
| Other Lien Holders | \$0 | \$0 | 0% |
| Patient | | \$12,000 | 30% |
| Total | | \$40,000 | 100% |

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: February 20, 2007

| | | | |
|---------------------------|----------|-----------------|-----------------------|
| Total Charges | \$42,948 | Account Number | 7005382 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$42,948 | Date of Service | 6/16/05-6/20/05 |
| Compromise Amount Offered | \$6,750 | % Of Charges | 16% |
| Amount to be Written Off | \$36,198 | Facility | H/UCLA Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$42,948 for medical services rendered. The patient qualified for the Ability-to-Pay (ATP) program with no liability and has Limited Scope Medi-Cal which did not cover this visit as it was non-emergent. The patient's third party liability claim settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement* |
|-----------------------|-------------|---------------------|------------------------|
| Lawyer's Fees | \$6,000 | \$6,000 | 40% |
| Lawyer's Cost | \$904.50 | \$904.50 | 6% |
| H/UCLA Medical Center | \$42,948 | \$6,750 | 45% |
| Other Lien Holders | \$5,000 | \$750 | 5% |
| Patient | | \$595.50 | 4% |
| Total | | \$15,000 | 100% |

* 50% of the settlement was allocated to all lien holders – (45% to H/UCLA and 5% to others).

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: February 20, 2007

| | | | |
|---------------------------|----------|-----------------|------------------------|
| Total Charges | \$28,885 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$28,885 | Date of Service | Various |
| Compromise Amount Offered | \$3,570 | % Of Charges | 12% |
| Amount to be Written Off | \$25,315 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient had an accident and suffered a broken ankle. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$28,885 for medical services rendered. The patient applied for Medi-Cal but was denied because of failure to provide information. This denial makes the patient ineligible for the Ability-to-Pay (ATP) program. The patient's third party liability claim settled for \$5,750 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|------------------------|-------------|---------------------|-----------------------|
| Lawyer's Fees | \$1,437.50 | \$1,437.50 | 25% |
| Lawyer's Cost | \$421.50 | \$421.50 | 7% |
| LAC+USC Medical Center | \$28,885 | \$3,570 | 62% |
| Other Lien Holders | \$0 | \$0 | 0% |
| Patient | | \$321 | 6% |
| Total | | \$5,750 | 100% |

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.